



United States of America Letter of Offer and Acceptance (LOA)

BN-D-QAO

WWRS Sample LOA: Figure 2-2

Based on Royal Bandaria Air Force Directorate of Logistics (continued on page 2)

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.

This LOA is for Worldwide Warehouse Redistribution Service (WWRS).

Estimated Cost: \$102,500

Initial Deposit: \$6,250

Terms of Sale:

Cash with Acceptance/Balance as Billed

This offer expires on _____. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.

This LOA consists of page 1 through page 15.

The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:

US Signature

Date

Purchaser Signature

Date

Typed Name and Title

Typed Name and Title

HQ AFSAC/COM

Implementing Agency

Agency

DSCA

Date

Information to be provided by the Purchaser:
Mark For Code____, Freight Forwarder Code____, Purchaser Procuring Agency Code____, Name
and Address of the Purchaser's Paying Office: _____

Customer reference continued: Letter, BN 1111, 06 February 2001.

Items to be Supplied (costs and months for delivery are estimates):

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a)Unit (b) Total	(5) SC/MOS/ TA	(6) Ofr Rel Cde	(7) Del Trm Cde
001 R9Z	WWRED1STSERS (N)		\$100,000	X(-)	-	-
B4	WORLDWIDE WAREHOUSE			TA4		
47	REDISTRIBUTION SERVICES					

Worldwide Warehouse material
Redistribution Services
(WWRS).

Estimated Cost Summary:

(8) Net Estimated Cost	\$100,000
(9) Packing, Crating, and Handling	0
(10) Administrative Charge	2,500
(11) Transportation	0
(12) Other	0
(13) Total Estimated Cost	\$102,500

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Initial Deposit	\$6,250	\$6,250

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service - Denver Center, ATTN: DFAS-AWC/DE, 6760 E. Irvington Place, Denver, CO 80279-2000. Simultaneously, wire transfer of the initial deposit (if required) should be made to: United States Treasury, New York, NY, 021030004, DFAS-AWC/DE, Agency Code 3801, showing "Payment from Government of Bandaria for BN-D-QAO"; or, a check for the initial deposit should accompany the signed copy of the LOA or be sent simultaneously to DFAS-AWC/DE, with a letter identifying the Purchaser and the LOA identifier.

2. One signed copy should be returned to Department of the Air Force, AFSAC/COM 1822 Van Patton Drive Building 210 WPAFB, OH 45433-5337.

Note 1. SURCHARGE.

Waiver Authorization Numbers 00-04 and 00055 apply for the waived administrative surcharges on this case.

Note 2. OFFSET ADMINISTRATIVE COSTS.

The DoD is not a party to any offset agreements/arrangements which may be required by the Purchaser in relation to the sales made in this LOA and assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs.

Note 4. NONRECURRING COSTS.

No nonrecurring costs (NC) apply to this FMS sale.

Note 5. SERVICES.

All correspondence regarding this case or transactions entered into the computer system against this sales agreement will cite the Letter of Offer and Acceptance (LOA) master case designator QAO and line item 01.

Note 6. USG FURNISHED TRANSPORTATION.

a. When USG provides transportation services, Purchaser's property will be transported at Purchaser's risk.

b. Purchaser will accept responsibility for clearance of materiel through its customs at the point of debarkation, and for shipment of the materiel from its port of debarkation to the ultimate destination.

c. Purchaser will absorb losses of materiel the USAF does not in fact recover from an independent carrier or handler, including where the USAF is self-insured.

d. Purchaser will self-insure such shipment, or obtain commercial insurance without any right of subrogation of any claim against the United States.

e. The USG will assist the Purchaser in processing any claims against private carriers that may arise for lost or damaged shipments, in the same manner it processes claims for US Government-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the Purchaser's account.

Note 8. WORLDWIDE WAREHOUSE REDISTRIBUTION SERVICES PROGRAM DESCRIPTION.

a. The Worldwide Warehouse Redistribution Services (WWRS) program is a global

redistribution program for spare parts and support equipment. The WWRS provides a mechanism for foreign countries or international organizations to transfer back to the USG defense articles that were previously purchased from the USG under FMS, for sale to other FMS purchasers or to the DoD. The WWRS maintains a list of those excess defense articles owned by the Purchaser and other foreign governments and international organizations, matches incoming requirements with the articles listed, and financially and logistically manages their return to the USG and their transfer to the new customer.

b. The WWRS is managed by the WWRS Program Management Office (PMO) located at the Air Force Security Assistance Center (AFSAC), Wright Patterson Air Force Base, Ohio. The WWRS data base is the Warehouse Information System (WINS). WINS and the attendant software will provide the capability to list defense articles available for redistribution and for the USG and FMS customers to directly request the purchase of defense articles listed therein.

c. FMS customers who offer materiel for sale must first obtain a defense service through the establishment of a WWRS-specific FMS case. Establishment of a WWRS case entitles the FMS customer, called "the Provider" when it offers defense articles for redistribution, to list their excess materiel in WINS. FMS buying activities may use a variety of electronic requisition protocols to connect with WINS. Orders placed in behalf of FMS customers by DoD International Logistics Control Offices (ILCOs) to WINS will use MILSTRIP passing orders through their current security assistance management information systems, which are used in current FMS procedures when passing requisitions to DoD sources of supply.

d. WWRS will list on WINS serviceable spare parts and support equipment (hereinafter referred to as "assets") which are excess to the requirements of FMS customers and therefore available to be returned to the USG for redistribution, which are not Significant Military Equipment as defined in the United States Arms Export Control Act, and which were previously sold to the offering FMS customer through the U.S. FMS program. Assets must be in fully functioning condition, without need of repair or rehabilitation. The listing country will identify the National Stock Number (NSN), quantity and suggested price for the assets to be listed in WINS. WINS will perform a series of edits to confirm that the offered assets are eligible to be listed in the WWRS warehouse information system. Assets which meet the listing criteria will automatically be listed in WINS (may be viewed or modified by the listing Provider). WINS will advise the Provider of the reason an asset was not listed.

e. Assets will remain in the possession of the offering country until requested by the PMO. The PMO will select the FMS country's listed assets to fill FMS or DoD requisitions. Upon selection, the PMO will send a Redistribution Order (RDO) to the listing country, requesting that the country confirm the availability of the assets at the listed price and provide an estimated delivery date. The listing country will respond to the PMO within the time frame on the RDO. If the listing country's response is acceptable to the PMO, the PMO will issue a shipping order to the listing country.

f. The listing country will remove any national markings on the assets, package, and ship the requested assets to the Intransit Inspection Point (IIP) named in the RDO for inspection, verification of markings removal, testing, photographing, serial number recording (if applicable), and materiel repackaging prior to onward shipment of the assets to the Purchaser. Functional tests may be performed to verify the serviceability, based on the type of assets, visual inspection results or as requested by the Purchaser on a cost reimbursement basis. The listing country will be liable for the serviceability of the assets. The Provider will be notified that its asset has passed inspection by a "P" for "passed" being loaded into the Provider's Inspection Results screen in WINS. Assets failing inspection will be identified by a "F" for "failed" in the Provider's Inspection Results screen in WINS. Specific failure details will be available in WINS for the Provider's perusal. Assets will be returned within fourteen days to the listing country's freight forwarder at the listing country's expense. If additional assets are listed in WINS,

the Provider of the failed assets will be requested via a new RDO to provide acceptable replacement assets. If additional assets are not listed in WINS by the Provider, another Provider will be selected to fill the order.

g. Title to assets being returned to the USG for redistribution will pass to the USG upon USG acceptance at the IIP. A "P" in the Provider's Inspection Results screen in WINS will document the title transfer.

h. The PMO will maintain records of transferred assets' origin and destination, associated dollar values, requisition numbers and, when appropriate, serial numbers for management and audit purposes.

i. The WWRS will be self financed. Purchasers of WINS listed assets will pay the listing country's listed price. Listing countries must open an LOA for WWRS services and make an initial deposit against this LOA. Listing countries LOAs will be assessed a WWRS Redistribution Fee based on the extended value (requested quantity multiplied by the WINS listed unit price) of the RDO. Each RDO will contain a specific NSN, quantity, and WINS listed unit price. RDOs with an extended value of less than \$2,500 will be assessed a minimum Redistribution Fee of \$250. The Redistribution Fee will be charged to the listing country at the time the PMO directs the listing country to ship the assets to the IIP.

j. FMS Purchasers and Providers will be able to interrogate the WWRS inventory list by NSN, National Item Identification Number (NIIN), noun, or any descriptive word(s) to ascertain price, availability, and condition of available materiel. Listed prices shall be construed to be LOA quality data. If an eligible FMS customer desires an NSN from WWRS, the customer may requisition the NSN through normal FMS procedures (an FMS requisition case) using the routing identifier code (RIC) "FWW" and a blank or non-recurring code of "N" in card column (cc) 44 of the MILSTRIP requisition (if SAMIS is used as the electronic communication system). If the customer requisitions through WINS, a RIC of "FWW" will automatically be assigned when the requisition is input to SAMIS for funds verification. All WWRS requisitions submitted with a RIC of "FWW", through WINS or SAMIS, will be treated as though they contain a "fill or kill" advice code. If the desired asset is not available upon requisition receipt, the requisition will be canceled. The advantage of requisitioning through WINS instead of SAMIS is that the customer can reserve the quantity and select the price of the asset used to fill their requisition. All non-WINS placed orders will be filled with the lowest overall priced assets available when the order is received by WINS.

k. Requisitions are routed based on the type of FMS case, the type demand, the advice code, and the quantity listed in the SAMIS CLSSA Termination, SAMIS CLSSA Liability, and SAMIS FMS Retention files. Countries that have elected to participate in WWRS and have submitted requisitions through SAMIS without a RIC of "FWW" will have their requisitions treated in the following manner:

(1) Requisitions for standard items submitted against a CLSSA FMSO II case (type of assistance code "V") with "R" in cc 44 are passed to the Air Logistics Center (ALC) for fill action, regardless of whether there is a quantity listed in WWRS for the NSN or not. The "R" indicates the FMS customer has elected to have the ALC fill its requirement and establish a CLSSA recurring demand for the materiel.

(2) Requisitions with an advice code of "6P" (new and unused), "6V" (Single Vendor Integrity) or "6W" (Sole Source) are not eligible for WWRS fill action and will be passed to the appropriate source of supply.

(3) Requisitions for standard items submitted against a non-CLSSA FMSO II case (type of assistance code other than "V") with an "R", blank, or "N" in cc 44 or a CLSSA FMSO II case (type of assistance code "V") with an "N" or blank in cc 44 will have their NSN checked against the CLSSA Termination, CLSSA Liability, and FMS Retention files for a quantity. If the NSN has a quantity greater than zero in the

SAMIS CLSSA Termination file or in the CLSSA Liability file, the requisition will be passed to the appropriate ALC for fill action. NSNs that have a quantity greater than zero in the SAMIS FMS Retention file will be passed to the PMO for verification of stock availability prior to release to the ALC. NSNs that have stock available at the ALC will be filled by the ALC. NSNs that do not have stock at the ALC will be passed to the WWRS for fill action. WWRS will cancel any partial quantities that cannot be filled.

(4) Requisitions for non-standard items will follow the existing procedures and will be forwarded "fill or kill" to the ALC. Those requisitions not filled by the ALC are passed to the Parts Repair and Ordering System (PROS) for fill action. WWRS materiel will be considered another source of supply that can be utilized by PROS to fill FMS requirements.

l. The Provider will be notified of the WWRS transfer deposits by viewing its Financial Detail Screen in WINS. WINS will show the 1080 (check) number when the transfer is made to the provider's trust fund cash holding account. Confirmation of the transfer will occur when the Provider receives its Quarterly Foreign Military Sales Billing Statement, DD Form 645 with its accompanying Holding Account Statement. The 1080 number will show in WINS at month-end and the 645 confirmation will occur at the end of the quarter. The Holding Account Statement will show three transfers to the holding account and three transfers of funds to the WWRS LOA to cover the actual cost expended during each month of the quarter. The funds to be transferred to the WWRS LOA will be reflected in the Holding Account Statement as a deposit of fenced funds.

m. The Financial Detail Screen in WINS will cross reference the 1080 number to a detailed listing of all the materiel transferred or inspected by RDO number in WINS and the custom commitment document number used to bill the WWRS Redistribution Fee. This screen will list each RDO, NSN, Extended Value, WWRS Fee, and proceeds deposited. DFAS would refer to WINS as a supplemental financial system. DFAS and the materiel provider will have on-line access to the details of the bill, plus a hard copy on file at DFAS-OPLOC.

Note 9. WORLDWIDE WAREHOUSE REDISTRIBUTION SERVICES PURCHASER PARTICIPATION.

a. General.

(1) This LOA is for Purchaser participation in the DoD Worldwide Warehouse Redistribution Services (WWRS) program. WWRS is a global redistribution program for spare parts and support equipment. The WWRS provides a mechanism for foreign countries or international organizations to transfer back to the USG defense articles that were previously purchased from the USG under FMS, for sale to other FMS customers or to the DoD. The WWRS maintains a list of those excess defense articles owned by the Purchaser and other foreign governments and international organizations, matches incoming requirements with the articles listed, and financially and logistically manages their return to the USG and their transfer to the new customer.

(2) The WWRS is managed by the WWRS Program Management Office (PMO) located at the Air Force Security Assistance Center (AFSAC), Wright Patterson Air Force Base, Ohio. The WWRS data base is the Warehouse Information System (WINS). WINS and the attendant software will provide the capability to list defense articles available for redistribution and for the USG and USG FMS customers to directly request the purchase of defense articles listed therein.

(3) This LOA provides for Purchaser participation in the WWRS through the sale of DoD redistribution services (line 001) to the Purchaser. This LOA also establishes the terms and conditions which govern the Purchaser's listing of defense articles in WINS and the return of defense articles to the USG for redistribution.

For purposes of participation in the WWRS, the Purchaser will be referred to as "the Provider," since it provides the defense articles being returned for redistribution.

b. Item Eligibility. In order for a defense article to be listed in WINS:

(1) The defense article must have been sold to the Provider under the USG FMS program. Proof may be requested by the PMO.

(2) The defense article must not be significant military equipment (SME) as defined in section 47(9) of the United States Arms Export Control Act.

(3) The defense article must be in fully functioning condition without need of repair or rehabilitation. Where defense articles are in need of repair or rehabilitation, the PMO may assist the Provider in facilitating arrangements for repair or rehabilitation under FMS. However, defense articles will not be listed in WINS until they have been restored to fully functioning condition.

(4) The listing must contain a National Stock Number (NSN), quantity, and suggested price.

c. Provider Responsibilities.

(1) Provider will establish an Internet/World Wide Web (WWW) connection for access to WINS. The monthly or other recurring fees for Internet/WWW services are the responsibility of the Provider.

(2) For WINS operation, the Provider must have a 486 equivalent or higher personal computer capable of running Windows 95, or any other application software capable of running a Netscape 4.04 with JDK 1.1 patch or Internet Explorer 4.0 or higher equivalent browser. Software, installation, and training are the Provider's responsibility.

(3) The Provider will establish a point of contact (POC) for the WWRS and will provide the PMO with the appropriate telephone and telefax numbers and e-mail and mailing addresses.

(4) The Provider will identify the NSN, quantity and suggested price for each defense article which it lists in WINS. Items not priced by the Provider will, by default, be priced by the USG and offered for sale at the last acquisition cost listed in the Security Assistance Management Information System (SAMIS) catalog. If the catalog does not provide a list price, the defense article will not be listed in WINS until the Provider prices the defense article.

(5) The Provider will input into WINS accurate data in the electronic format prescribed at <http://rock.afsac.wpafb.af.mil/wwrs/> on the defense article available for redistribution.

(6) The Provider will respond to PMO inquiries and to redistribution orders (RDOs). Within the time frame established on the RDO, the Provider will respond to each RDO regarding availability of a defense article listed in WINS and the Provider's ability to ship that defense article. However, the PMO should be notified immediately if any problems are perceived with a defense article or its availability. If the PMO does not receive a response to an RDO within the established time period, lack of a response will be deemed a negative reply on the availability of the defense article.

(7) The Provider will inspect defense articles prior to shipment to the Intransit Inspection Point (IIP) to ensure the conformity of the defense articles to the conditions specified in paragraphs b.(1) through b.(3), above.

(8) The Provider will remove any Provider identification markings on the defense articles prior to shipping them to the IIP.

(9) The Provider, through its POC, will maintain and update defense article information in WINS. The Provider will remove, or will notify the PMO to remove, from its listings defense articles no longer available for redistribution.

d. Condition of Defense Articles.

(1) Defense articles not meeting the criteria of paragraph b.(1) through b.(3), above, will be returned to the Provider at the Provider's expense and will, in addition, be assessed the WWRS redistribution fee.

(2) Defense articles offered will be clean and "like new" in appearance, unless otherwise identified in WINS.

e. Transportation and Related Provisions.

(1) The Provider will package the defense articles adequately for shipment and will ship them by the date indicated on the accepted RDO to the IIP. Packaging or containers will be clearly marked to show the NSN(s), quantity, IIP address and the applicable RDO. In the event defense articles are received at the IIP with insufficient information or if incomplete shipments are received, the Provider will be responsible for any related storage costs pending resolution of the disposition of defense articles.

(2) The Provider will input inbound carrier information to WINS or will provide the information to the PMO by telefax or e-mail.

(3) This LOA does not include the costs of transporting the defense articles to the IIP. However, if the Provider has made arrangements in advance with the PMO for such transportation and this LOA includes the necessary scope and funding, such costs will be charged against this case. When transportation arrangements are made on behalf of the Provider, the USG disclaims any liability for damage or loss to the defense articles irrespective of whether transportation is by common carrier or by the U.S. Defense Transportation System.

(4) The PMO will arrange for visual inspection of defense articles at the point of origin or the IIP. At the IIP, the defense article may be unpacked for inspection; verification of removal of Provider markings; testing; photographing; or, if applicable, serial number recording. The Provider agrees to accept the results of the USG inspection with respect to overage, shortage, damage, deficiency, improper identification, improper documentation, and condition assessment of the defense articles. Provider also agrees USG will determine if defense articles will be accepted, in whole or in part, or returned in accordance with paragraph d.(1) above.

(5) Defense articles passing inspection will be accepted for return on behalf of the USG. The Provider agrees that title to the defense article passes to the USG upon such acceptance.

(6) The Provider agrees to accept the DD Form 645 as evidence that the service was rendered and that title has passed with respect to listed defense articles. The Provider may view its financial details within WINS.

(7) The Provider is responsible for obtaining insurance coverage and custom clearances for shipments of the defense articles to the IIP. In particular, the USG incurs no liability for defense articles while intransit, including those held or delayed at any customs point or for any other delays in shipment.

(8) Upon request of the PMO, the Provider will provide the PMO copies of shipment records and other documentation for the defense articles being returned.

f. Financial.

(1) The Provider agrees to pay WWRS charges (the WWRS standard redistribution

fee) for each defense article returned to the USG for redistribution. The standard redistribution fee will be assessed against line 001 as a percentage of the RDO's extended value. The extended value is determined by multiplying the quantity requested by WINS listed unit price. In the event that the RDO's extended value is less than \$2,500 a minimum redistribution fee of \$250 will be assessed. The standard or minimum fee will be assessed at the time the PMO sends the Provider a shipping order to ship the defense articles.

(2) The Provider will be reimbursed the price listed in WINS at the time of the RDO. The amount will be deposited into the Provider's FMS Trust Fund Cash Holding Account, citing this LOA. Provider will receive notification of this deposit by viewing the financial detail screen in WINS.

g. Indemnification and Assumption of Risks.

The Provider recognizes that the USG will furnish WWRS services described in this LOA and will accept defense articles for redistribution from the Provider under this LOA on a non-profit basis for the benefit of the Provider. The Provider therefore specifically agrees that Section 3 of the "Letter of Offer and Acceptance Standard Terms and Conditions" applies to all actions under this LOA, including not only the furnishing of WWRS services but also the acceptance of defense articles for return and redistribution.

h. Warranties.

(1) The Provider warrants the title of defense articles returned to the USG for redistribution pursuant to this LOA.

(2) If the USG receives a claim from the subsequent Purchaser of a defense article returned hereunder for a damaged or defective item, the USG will process the claim in accordance with Section 5.4 of the "Letter of Offer and Acceptance Standard Terms and Conditions." The Provider will repair or replace each item found to be damaged or defective, at no extra cost to the subsequent Purchaser when it is established that the deficiency existed prior to passage of title, or found to be defective in design to such a degree that the defense article cannot be used for the purpose for which it was designed.

Note 10. CASE CLOSURE.

In accordance with case closure requirements in the Security Assistance Management Manual (SAMM), the estimated case closure date for this case is December 2007.

Note 11. UNAUTHORIZED USE OF DEFENSE ARTICLES.

Defense articles furnished under this LOA may be used only for those authorized purposes set forth in section 2.2 of the Standard Terms and Conditions, unless the written consent of the USG has been obtained for a different use. The USG retains the right to verify reports that such defense articles have been used for purposes not authorized or for uses not consented to by the USG.

LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS

Section

- 1 Conditions - United States Government (USG) Obligations
- 2 Conditions - General Purchaser Agreements
- 3 Indemnification and Assumption of Risks
- 4 Financial Terms and Conditions
- 5 Transportation and Discrepancy Provisions
- 6 Warranties
- 7 Dispute Resolution

1 Conditions - United States Government (USG) Obligations

1.1 Unless otherwise specified, items will be those which are standard to the US Department of Defense (DOD), without regard to make or model.

1.2 The USG will furnish the items from its stocks and resources, or will procure them under terms and conditions consistent with DOD regulations and procedures. When procuring for the Purchaser, DOD will, in general, employ the same contract clauses, the same contract administration, and the same quality and audit inspection procedures as would be used in procuring for itself, except as otherwise requested by the Purchaser and as agreed to by DOD and set forth in this LOA. Unless the Purchaser has requested, in writing, that a sole source contractor be designated, and this LOA reflects acceptance of such designation by DOD, the Purchaser understands that selection of the contractor source to fill requirements is the responsibility of the USG, which will select the contractor on the same basis used to select contractors for USG requirements. Further, the Purchaser agrees that the US DOD is solely responsible for negotiating the terms and conditions of contracts necessary to fulfill the requirements in this LOA.

1.3 The USG will use its best efforts to provide the items for the dollar amount and within the availability cited.

1.4 Under unusual and compelling circumstances, when the national interest of the US requires, the USG reserves the right to cancel or suspend all or part of this LOA at any time prior to the delivery of defense articles or performance of defense services. The USG shall be responsible for termination costs of its suppliers resulting from cancellation or suspension under this section. Termination by the USG of its contracts with its suppliers, other actions pertaining to such contracts, or cessation of deliveries or performance of defense services is not to be construed as cancellation or suspension of this LOA itself under this section.

1.5 US personnel performing defense services under this LOA will not perform duties of a combatant nature, including duties relating to training and advising that may engage US personnel in combat activities outside the US, in connection with the performance of these defense services.

1.6 The assignment or employment of US personnel for the performance of this LOA by the USG will not take into account race, religion, national origin, or sex.

1.7 Unless otherwise specified, this LOA may be made available for public inspection consistent with the national security of the United States.

2 Conditions - General Purchaser Agreements

2.1 The Purchaser may cancel this LOA or delete items at any time prior to delivery of defense articles or performance of defense services. The Purchaser is responsible for all costs resulting from cancellation under this section.

2.2 The Purchaser agrees, except as may otherwise be mutually agreed in writing, to use the defense articles sold hereunder only:

2.2.1 For purposes specified in any Mutual Defense Assistance Agreement between the USG and the Purchaser;

2.2.2 For purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if section 2.2.1 is inapplicable; or,

2.2.3 For internal security, individual self-defense, or civic action, if sections 2.2.1 and 2.2.2 are inapplicable.

2.3 The Purchaser will not transfer title to, or possession of, the defense articles, components and associated support material, related training or other defense services (including plans, specifications, or information), or technology furnished under this LOA to anyone who is not an officer, employee, or agent of the Purchaser (excluding transportation agencies), and shall not use or permit their use for purposes other than those authorized, unless the written consent of the USG has first been obtained. The Purchaser will ensure, by all means available to it, respect for proprietary rights in any items and any plans, specifications, or information furnished, whether patented or not. The Purchaser also agrees that the defense articles offered will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus, and recognizes that the US Congress is required to be notified of any substantial evidence that the defense articles sold in this LOA have been used in a manner which is inconsistent with this provision.

2.4. To the extent that items, including plans, designs, specifications, technical data, or information, furnished in connection with this LOA may be classified by the USG for security purposes, the Purchaser certifies that it will maintain a similar classification and employ measures necessary to preserve such security, equivalent to those employed by the USG and commensurate with security agreements between the USG and the Purchaser. If such security agreements do not exist, the Purchaser certifies that classified items will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program and that it will promptly and fully inform the USG of any compromise, or possible compromise, of US classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a US classified item is to be furnished to its contractor pursuant to this LOA: (a) items will be exchanged through official government channels, (b) the specified contractor has been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the US information involved, (c) all contractor personnel requiring access to such items have been

cleared to the appropriate level by the Purchaser, and (d) the Purchaser will assume responsibility for administering security measures while in the contractor's possession. If a commercial transportation agent is to be used for shipment, the Purchaser certifies that such agent has been cleared at the appropriate level for handling classified items. These measures will be maintained throughout the period during which the USG may maintain such classification. The USG will use its best efforts to notify the Purchaser if the classification is changed.

3 Indemnification and Assumption of Risks

3.1 The Purchaser recognizes that the USG will procure and furnish the items described in this LOA on a non-profit basis for the benefit of the Purchaser. The Purchaser therefore undertakes to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability (whether in tort or in contract) which might arise in connection with this LOA because of:

3.1.1 Injury to or death of personnel of Purchaser or third parties, or

3.1.2 Damage to or destruction of (a) property of DOD furnished to Purchaser or suppliers specifically to implement this LOA, (b) property of Purchaser (including the items ordered by Purchaser pursuant to this LOA, before or after passage of title to Purchaser), or (3) property of third parties, or

3.1.3 Infringement or other violations of intellectual property or technical data rights.

3.2 Subject to express, special contractual warranties obtained for the Purchaser, the Purchaser agrees to relieve the contractors and subcontractors of the USG from liability for, and will assume the risk of, loss or damage to:

3.2.1 Purchaser's property (including items procured pursuant to this LOA, before or after passage of title to Purchaser), and

3.2.2 Property of DOD furnished to suppliers to implement this LOA, to the same extent that the USG would assume for its property if it were procuring for itself the items being procured.

4 Financial Terms and Conditions

4.1 The prices of items to be procured will be billed at their total cost to the USG. Unless otherwise specified, the cost of items to be procured, availability determination, payment schedule, and delivery projections quoted are estimates based on the best available data. The USG will use its best efforts to advise the Purchaser or its authorized representatives of:

4.1.1 Identifiable cost increases that might result in an overall increase in the estimated costs in excess of ten percent of the total value of this LOA,

4.1.2 Changes in the payment schedule, and

4.1.3 Delays which might significantly affect estimated delivery dates. USG failure to advise of the above will not change the Purchaser's obligation under all subsections of section 4.4.

4.2 The USG will refund any payments received for this LOA which prove to be in excess of the final total cost of delivery and performance and which are not required to cover arrearages on other LOAs of the Purchaser.

4.3 Purchaser failure to make timely payments in the amounts due may result in delays in contract performance by DOD contractors, claims by contractors for increased costs, claims by contractors for termination liability for breach of contract, claims by USG or DOD contractors for storage costs, or termination of contracts by the USG under this or other open Letters of Offer and Acceptance of the Purchaser at the Purchaser's expense.

4.4 The Purchaser agrees:

4.4.1 To pay to the USG the total cost to the USG of the items even if costs exceed the amounts estimated in this LOA.

4.4.2 To make payment(s) by check or wire transfer payable in US dollars to the Treasurer of the United States.

4.4.3 If Terms of Sale specify "Cash with acceptance", to forward with this LOA a check or wire transfer in the full amount shown as the estimated Total cost, and agrees to make additional payment(s) upon notification of cost increase(s) and request(s) for funds to cover such increase(s).

4.4.4 If Terms of Sale specify payment to be "Cash prior to delivery", to pay to the USG such amounts at such times as may be specified by the USG (including initial deposit) in order to meet payment requirements for items to be furnished from the resources of DOD. USG requests for funds may be based on estimated costs to cover forecasted deliveries of items. Payments are required 90 days in advance of the time DOD plans such deliveries or incurs such expenses on behalf of the Purchaser.

4.4.5 If Terms of Sale specify payment by "Dependable Undertaking", to pay to the USG such amounts at such times as may be specified by the USG (including initial deposit) in order to meet payments required by contracts under which items are being procured, and any damages and costs that may accrue from termination of contracts by the USG because of Purchaser's cancellation of this LOA. USG requests for funds may be based upon estimated requirements for advance and progress payments to suppliers, estimated termination liability, delivery forecasts, or evidence of constructive delivery, as the case may be. Payments are required 90 days in advance of the time USG makes payments on behalf of the Purchaser.

4.4.6 If Terms of Sale specify "Payment on delivery", that bills may be dated as of the date(s) of delivery of the items, or upon forecasts of the date(s) thereof.

4.4.7 That requests for funds or billings are due and payable in full on presentation or, if a payment date is specified in the request for funds or bill, on the payment date so specified, even if such payment date is not in accord with the estimated payment schedule, if any, contained in this LOA. Without affecting Purchaser's obligation to make such payment(s) when due, documentation concerning advance and progress payments, estimated termination liability, or evidence of constructive delivery or shipment in support of requests for funds or bills will be made available to the Purchaser by DOD upon request. When appropriate, the Purchaser may request adjustment of any questioned billed items by subsequent submission of a discrepancy report.

4.4.8 To pay interest on any net amount by which it is in arrears on payments, determined by considering collectively all of the Purchaser's open LOAs with DOD. Interest will be calculated on a daily basis. The principal amount of the arrearage will be computed as the excess of cumulative financial requirements of the Purchaser over total cumulative payments after quarterly billing payment due dates. The rate of interest paid will be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the USG as of the last day of the month preceding the net arrearage and shall be computed from the date of

net arrearage.

4.4.9 To designate the Procuring Agency and responsible Paying Office and address thereof to which the USG will submit requests for funds and bills under this LOA.

5 Transportation and Discrepancy Provisions

5.1 The USG agrees to deliver and pass title to the Purchaser at the initial point of shipment unless otherwise specified in this LOA. With respect to items procured for sale to the Purchaser, this will normally be at the manufacturer's loading facility; with respect to items furnished from USG stocks, this will normally be at the US depot. Articles will be packed, crated, or otherwise prepared for shipment prior to the time title passes. If "Point of Delivery" is specified other than the initial point of shipment, the supplying US Department or Agency will arrange movement of the articles to the authorized delivery point as a reimbursable service but will pass title at the initial point of shipment. The USG disclaims any liability for damage or loss to the items incurred after passage of title irrespective of whether transportation is by common carrier or by the US Defense Transportation System.

5.2 The Purchaser agrees to furnish shipping instructions which include Mark For and Freight Forwarder Codes based on the Offer/Release Code.

5.3 The Purchaser is responsible for obtaining insurance coverage and customs clearances. Except for articles exported by the USG, the Purchaser is responsible for ensuring that export licenses are obtained prior to export of US defense articles. The USG incurs no liability if export licenses are not granted or they are withdrawn before items are exported.

5.4 The Purchaser agrees to accept DD Forms 645 or other delivery documents as evidence that title has passed and items have been delivered. Title to defense articles transported by parcel post passes to the Purchaser at the time of parcel post shipment. Standard Form 364 will be used in submitting claims to the USG for overage, shortage, damage, duplicate billing, item deficiency, improper identification, improper documentation, or non-shipment of defense articles and non-performance of defense services and will be submitted promptly by the Purchaser. DOD will not accept claims related to items of \$200 or less for overages, shortages, damages, non-shipment, or non-performance. Any claim, including a claim for shortage (but excluding a claim for nonshipment/nonreceipt of an entire lot), received after one year from passage of title to the article or from scheduled performance of the service will be disallowed by the USG unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Claims, received after one year from date of passage of title or initial billing, whichever is later, for nonshipment/nonreceipt of an entire lot will be disallowed by the USG. The Purchaser agrees to return discrepant articles to USG custody within 180 days from the date of USG approval of such return.

6 Warranties

6.1 The USG does not warrant or guarantee any of the items sold pursuant to this LOA except as provided in section 6.1.1. DOD contracts include warranty clauses only on an exception basis. If requested by the Purchaser, the USG will, with respect to items being procured, and upon timely notice, attempt to obtain contract provisions to provide the requested warranties. The USG further agrees to exercise, upon the Purchaser's request, rights (including those arising under any warranties) the USG may have under contracts connected with the procurement of these items. Additional costs resulting from obtaining special contract provisions or warranties, or the exercise of rights under such provisions or warranties, will be charged to the Purchaser.

6.1.1 The USG warrants the title of items sold to the Purchaser hereunder but makes no warranties other than those set forth herein. In particular the USG disclaims liability resulting from infringement or other violation of intellectual property or technical data rights occasioned by the use or manufacture outside the US by or for the Purchaser of items supplied hereunder.

6.1.2 The USG agrees to exercise warranties on behalf of the Purchaser to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective, when such materiel is procured for the Purchaser.

6.2 Unless the condition of defense articles is identified to be other than serviceable (for example, "As-is"), DOD will repair or replace at no extra cost defense articles supplied from DOD stocks which are damaged or found to be defective in respect to material or workmanship when it is established that these deficiencies existed prior to passage of title, or found to be defective in design to such a degree that the items cannot be used for the purpose for which they were designed. Qualified representatives of the USG and of the Purchaser will agree on the liability hereunder and the corrective steps to be taken.

7 Dispute Resolution

7.1 This LOA is subject to US Federal procurement law.

7.2 The USG and the Purchaser agree to resolve any disagreement regarding this LOA by consultations between the USG and the Purchaser and not to refer any such disagreement to any international tribunal or third party for settlement.

LETTER OF OFFER AND ACCEPTANCE INFORMATION

1. GENERAL. This provides basic information pertaining to the LOA for US and Purchaser use. Additional information may be obtained from the Security Assistance Management Manual, DOD 5105.38-M, the in-country Security Assistance Office, the DSCA Country Director, or from the implementing agency.

2. INFORMATION ENTERED BY THE USG.

a. Terms of Sale, and Purchaser responsibilities under those Terms, are described on the LOA. A list of all Terms of Sale, with explanations for each, are shown in DOD 5105.38-M.

b. Description/Condition. The item description consists of coding for use in US management of the LOA (starting with Generic/MASL and MDE "(Y)" or non-MDE "(N)" data such as that in DOD 5105.38-M, Appendix D) plus a short description of what is to be provided. When items are serviceable, Code "A" (new, repaired, or reconditioned material which meets US Armed Forces standards of serviceability) may be used; otherwise, Code "B" (unserviceable or mixed condition without repair, restoration, or rehabilitation which may be required) may be used. In some instances, reference to a note in the Terms and Conditions may complement or replace these codes.

c. The Unit of Issue is normally "EA" (each, or one; for example, 40 EA) or blank (unit of issue not applicable; for example, services or several less significant items consolidated under one LOA Item Number). When blank, a quantity or Unit Cost is not shown.

d. The Source Code (SC) in the Articles or Services to be Supplied Section is one or more of the following:

- S - Shipment from DOD stocks or performance by DOD personnel
- P - From new procurement
- R - From rebuild, repair, or modification by the USG
- X - Mixed source, such as stock and procurement, or undetermined
- E - Excess items, as-is
- F - Special Defense Acquisition Fund (SDAF) items

e. Availability leadtime cited is the number of months (MOS) estimated for complete delivery of defense articles or performance of defense services. The leadtime starts with Acceptance of this Offer, including the conclusion of appropriate financial arrangements, and ends when items are made available to transportation.

f. Type of Assistance (TA) Codes are as follows:

- 3 - Source Code S, R, or E; based on Arms Export Control Act (AECA) Section 21(b).
- 4 - Source Code X; AECA Sections 21(b), 22(a), 29, or source undetermined.
- 5 - Source Code P; AECA Section 22(a).
- 6 - Source Code S, R, or E, payment on delivery; AECA Section 21(d).
- 7 - Source Code P, dependable undertaking with 120 days payment after delivery; AECA Section 22(b).
- 8 - Source Code S, R, or E, stock sales with 120 days payment after delivery; AECA Section 21(d).
- M - MAP Merger; Foreign Assistance Act (FAA) Section 503(a)(3).
- N - FMS Credit (Nonrepayable); AECA Sections 23 or 24.
- U - Source Code P; Cooperative Logistics Supply Support Arrangement (CLSSA) Foreign Military Sales Order (FMSO) I.
- V - Source Code S; CLSSA FMSO II stocks acquired under FMSO I.
- Z - FMS Credit; AECA Sections 23 or 24.

g. Training notes: AP - Annual training program; SP - Special training designed to support purchases of US equipment; NC - This offer does not constitute a commitment to provide US training; SC - US training concurrently being addressed in separate LOA; NR - No US training is required in support of this purchase.

h. Offer Release Codes (OfR Rel Cde) and Delivery Term Codes (Del Trm Cde) below may also be found in DOD 4500.32-R, MILSTAMP, Appendix M, Figure M-1. The following Offer Release Codes also pertain to release of items for shipment back to Purchaser on repair LOAs:

- A - Freight and parcel post shipments will be released automatically by the shipping activity without advance notice of availability.
- Y - Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
- Z - Advance notice is required, before release of shipment. Shipping activity will follow-up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.
- X - The Implementing Agency (IA) and country representative have agreed that the:

-- IA will sponsor the shipment to a country address. Under this agreement, the Freight Forwarder Code must also contain X and a Customer-within-Country (CC) Code must be entered in the Mark For Code on the front page of the LOA. The MAPAD must contain the CC Code and addresses for each type of shipment (parcel post or freight).

-- Shipments are to be made to an assembly point or staging area as indicated by clear instructions on exception requisitions. Under this agreement, the Freight Forwarder Code must contain W. A Mark For Code may be entered in the Mark For Code space on the front page of the LOA and the MAPAD must contain the Mark For Code if the Mark For Address is to be used on the shipment to the assembly point or staging area.

i. For the following Delivery Term Codes, DOD delivers:

- 2 - To a CONUS inland point (or overseas inland point when the origin and destination are both in the same geographic area)

- 3 - At the CONUS POE alongside the vessel or aircraft
- 4 - Not applicable (Purchaser has full responsibility at the point of origin. Often forwarded collect to country freight forwarder.)
- 5 - At the CONUS POE on the inland carrier's equipment
- 6 - At the overseas POD on board the vessel or aircraft
- 7 - At the overseas inland destination on board the inland carrier's equipment
- 8 - At the CONUS POE on board the vessel or aircraft
- 9 - At the overseas POD alongside the vessel or aircraft

Delivery Term Codes showing DOD transportation responsibility for repair LOAs are shown below. The LOA will provide a CONUS address for each item identified for repair. The customer must assure this address is shown on all containers and documentation when materiel is returned.

- A - From overseas POE through CONUS destination to overseas POD on board the vessel or aircraft
- B - From overseas POE through CONUS destination to CONUS POE on board the vessel or aircraft
- C - From CONUS POD on board the vessel or aircraft through CONUS destination to CONUS POE on board the vessel or aircraft
- D - From CONUS POD on board the vessel or aircraft through the CONUS destination to overseas POD on board the vessel or aircraft
- E - Not applicable (Purchaser has complete responsibility.)
- F - From overseas inland point through CONUS destination to overseas inland destination
- G - From overseas POE through CONUS destination to overseas POD alongside vessel or aircraft
- H - (For classified items) From CONUS inland point to CONUS POE alongside vessel or aircraft
- J - (For classified cryptographic items) From CONUS inland point to overseas inland destination

3. INFORMATION TO BE ENTERED BY THE PURCHASER. Mark For and Freight Forwarder Codes are maintained in the Military Assistance Program Address Directory (MAPAD), DOD 4000.25-8. The Purchaser Procuring Agency should show the code for the Purchaser's Army, Navy, Air Force, or other agency which is purchasing the item(s). The Name and Address of the Purchaser's Paying Office is also required.

a. Mark For Code. This Code should be entered for use in identifying the address of the organization in the Purchaser country which is to receive the items. This includes return of items repaired under an LOA.

(1) This address will be added by the US DOD to the Ship To address on all freight containers. It will also appear on items forwarded by small parcel delivery service, including parcel post. The address should include the port of discharge name and designator (water or air); country name, country service name, street, city, state or province, and (if applicable) in-country zip or similar address code.

(2) Shippers are not authorized to apply shipment markings. If codes and addresses are not published, containers will be received at the freight forwarder or US military representative in-country unmarked for onward shipment with resultant losses, delays, and added costs. The USG will sponsor shipment of this materiel to FOB US point of origin.

b. Freight Forwarder Code. When Offer Release Code X applies, Code X or W, discussed under Offer Release Code X above, must be entered.

4. FINANCIAL.

a. The method of financing is shown in the LOA, Amendment, or Modification. The initial deposit required with Purchaser signature of the LOA is an integral part of the acceptance.

b. LOA payment schedules are estimates, for planning purposes. DFAS-AWC/DE will request payment in accordance with the payment schedule unless DOD costs, including 90-day forecasted requirements, exceed amounts required by the payment schedule. When this occurs, the US will use its best efforts to provide a new schedule via LOA Modification at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly DD Forms 645 issued by DFAS-AWC/DE regardless of the existing payment schedule.

c. The DD Form 645 serves as the bill and statement of account. An FMS Delivery Listing, identifying items physically or constructively delivered and services performed during the billing period, will be attached to the DD Form 645. DFAS-AWC/DE forwards these forms to the Purchaser within 45 days before payments are due and Purchasers must forward payments in US dollars to the USG in time to meet prescribed due dates. Costs in excess of amounts funded by FMF agreements must be paid by the Purchaser. Questions concerning the content of DD Forms 645 and requests for billing adjustments should be submitted to the Defense Finance and Accounting Service, ATTN: DFAS-AWC/DE, 6760 E. Irvington Place, Denver, CO 80279-2000.

d. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS, therefore, non-US banks must go through a US correspondent FRS member bank. The following information is applicable to cash payments:

Wire transfer--
 United States Treasury
 New York, New York
 021030004
 DFAS-AWC/DE
 Agency Code 3801
 Payment from (country or international organization) for
 Letter of Offer and Acceptance (Identifier at

the top of the first page of the LOA)

Check mailing address--

Defense Finance and Accounting Service, ATTN: DFAS-AWC/DE
6760 E. Irvington Place
Denver, CO 80279-2000

e. To authorize payments from funds available under FMF loan or grant agreements, the Purchaser may be required to submit a letter of request to the Defense Finance and Accounting Service, ATTN: DFAS-AWC/DE, 6760 E. Irvington Place, Denver, CO 80279-2000. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to DSCA/COMPT-FM.

f. Payments not received by DFAS-AWC/DE by the due date may be subject to interest charges as outlined in paragraph 4.4.8 of the LOA Standard Terms and Conditions.

g. The values on the LOA are estimates. The final amount will be equal to the cost to the USG. When deliveries are made and known costs are billed and collected, DFAS-AWC/DE will provide a "Final Statement of Account" which will summarize final costs. Excess funds will be available to pay unpaid billings on other statements or distributed as agreed upon between the Purchaser and the Comptroller, DSCA.

h. The Purchaser may cancel this LOA upon request to the implementing agency. An administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on LOA acceptance, or the applicable administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if this LOA is canceled after implementation.

5. CHANGES TO THE LOA. Changes may be initiated by the USG or by requests from the Purchaser. After acceptance of the basic LOA, these changes will take the form of Amendments or Modifications.

a. Amendments encompass changes in scope, such as those which affect the type or number of significant items to be provided. Amendments require acceptance by the USG and the Purchaser in the same manner as the original LOA.

b. Modifications include changes which do not constitute a change in scope, such as increases or decreases in estimated costs or delivery schedule changes. Modifications require signature only to acknowledge receipt by the Purchaser.

c. When signed, and unless alternate instructions are provided, copies of Amendments and Modifications should be given the same US distribution as the basic LOA.

d. Requests for changes required prior to acceptance by the Purchaser should be submitted to the implementing agency for consideration. See DOD 5105.38-M.

6. CORRESPONDENCE. Questions or comments regarding this LOA should identify the Purchaser request reference and the identification assigned by the implementing agency within DOD.